CenturyTel Background

- 8th largest telephone company in U.S. – 2.4 million telephone access lines
- Publicly traded on NYSE: CTL
- Full service telecommunications provider in rural markets
- History of growth through acquisition
- Rate of Return regulated for most properties (approximately 70% - at Federal Level)
- Leading purchaser of RBOC access lines – 1.2 million purchased over past five years
- 640,000 lines under CALLS for newly acquired lines in AL and MO

Operating Philosophy

- Continue growth as a leading provider of integrated communication services in rural America
- Pursuing one of the most aggressive broadband deployments in the industry
- Dedicated to rural and small urban markets
- Present regulations threaten this philosophy – hinder our ability to invest in new and existing markets

2 Key Issues for CenturyTel

- Universal Service
  - High-Cost Fund Cap
  - Safety Valve Support
  - ETC Eligibility for High-Cost Support
  - Contribution Methodology
- Removal of All or Nothing Rule

High-Cost Fund Cap

- Current cap is reducing USF in rural markets
- Lifting cap necessary for stability, continued maintenance of service in rural America

UNIVERSAL SERVICE AND SAFETY VALVE SUPPORT

- ♦ Many rural RBOC customers need improved services, which require substantial capital investment
- ♦ Safety Valve support does not scratch the surface of what is needed for lines acquired from RBOCs
- ♦ Rural RBOC customers anticipate improved services from buyers on day one -- Present rules delay funding for needed investment for more than a year

ETC PORTABILITY RULES

- ♦ The support is not being used as it was intended – to provide "universal service"
- ♦ Too many loopholes in today's rules that threaten universal service and highest cost customers - a double standard has emerged
- ♦ States are applying the rules to speed competition but are not considering full public interest requirements in rural markets – long-term costs may outweigh benefits of competition
- ♦ CETCs are gaining huge windfalls at ILEC and customer expense
- ♦ Overall impact through this year is expected to result in $2 billion increase in fund due to wireless entry
- ♦ Pending petitions and open docket on this issue need to be acted upon

CONTRIBUTION METHODOLOGY

- ♦ All carriers should participate
- ♦ Broadband providers should get comparable treatment
- ♦ Wireless carriers should contribute based on their actual interstate usage
- ♦ FCC should avoid another end-user charge increase

ALL OR NOTHING RULE

- ♦ Present environment hinders our ability to attract capital for investment. (i.e. RBOC acquisitions)
- ♦ CenturyTel needs options to position itself to respond to competition
- ♦ All-or-Nothing rules need to be changed for both acquired lines and legacy properties to encourage rural investment
- ♦ Removal of this rule will provide much-needed stability
- ♦ All-or-Nothing needs to be resolved this year

CLOSING POINTS

- CenturyTel needs to be able to attract capital for investment – to develop and sustain longer term capital plans
- Long-term stability is needed for the rural segment of the industry
- Universal service is a critical part of that stability
- Companies like CenturyTel are the best hope for rural consumers
- The FCC should move quickly to
- Remove High-Cost Fund Cap
  - Revise Safety Valve Support Mechanism
  - Address ETC Eligibility
  - Broaden Contributions Base
  - Eliminate the All or Nothing Rules

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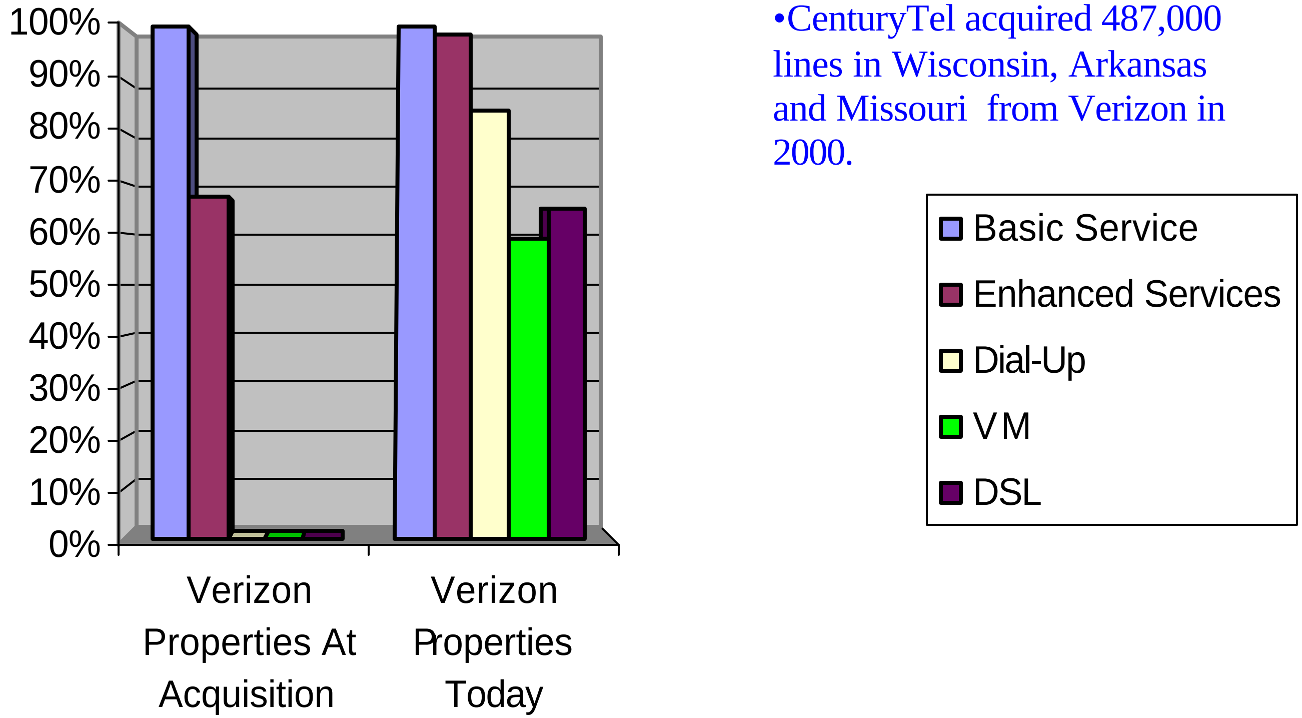
Feature & Services Availability

Access Lines Enabled:



•CenturyTel acquired 487,000 lines in Wisconsin, Arkansas and Missouri from Verizon in 2000.

CENTURYTEL

Availability of Services in Verizon Properties Since Acquisition

	@ Acquisition	3rd Qtr 2002
CCF	22.00%	99.00%
CID	10.40%	95.00%
VM	<1.00%	58.60%
LD	NA	15.52%
Internet	<1.00%	84.10%
DSL	0.00%	65.20%

•Percentage of enabled lines with services available.
•CenturyTel acquired 487,000 lines from Verizon in 2000.

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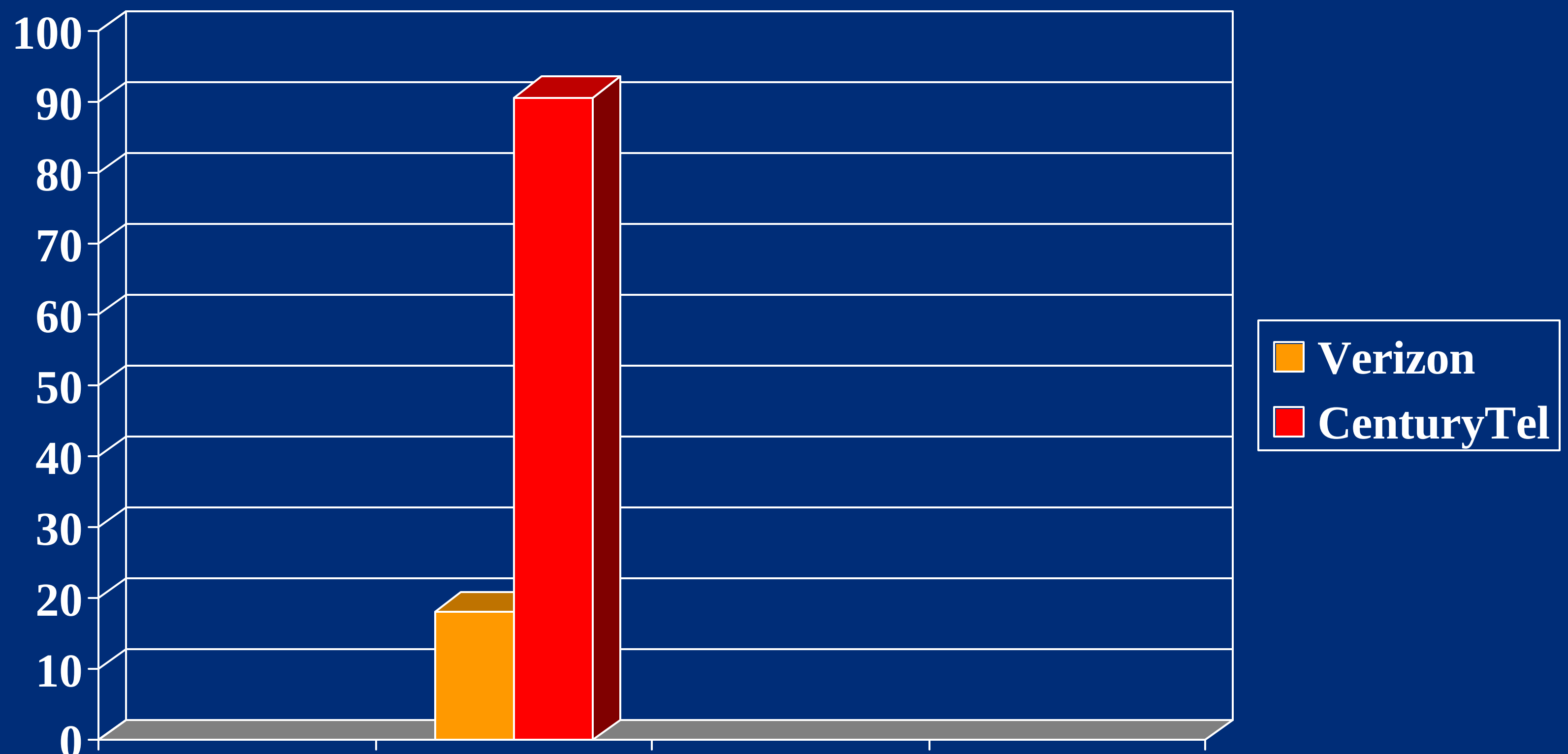
Capital Expenditures in GTE/Arkansas Properties



Three-Year Capital Expenditures

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